TESTIMONY OF

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Member, Board of Directors

AARP

Regarding

Elderly Housing and Affordability Issues
for the 21st Century

Before the

Housing and Community Opportunity

Subcommittee of the

House Financial Services Committee

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Good morning, Chairman Roukema, Ranking Member Frank, and members of the Subcommittee on Housing and Community Opportunity. My name is Jane Baumgarten. I live in North Bend, Oregon, and I serve as a member of AARP's Board of Directors.

In addition to serving on AARP's Board, I am also privileged to serve on the "Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century" – perhaps more conveniently known as the Seniors Housing Commission. Today my remarks will represent only the views of AARP, and will not in any way reflect on the Commission's work – which has just begun.

AARP appreciates the tradition of strong, bipartisan support for housing programs serving older Americans that has characterized this Subcommittee's work. We hope that the same bipartisan spirit will extend into the future as the Subcommittee examines and prepares to address the issues associated with housing affordability and availability – and takes under advisement the work of the Seniors Housing Commission along with the work conducted by the Millennial Housing Commission.[1] Both Commissions are focusing on the issue of affordable housing.

Two years ago, almost to the day, I testified on behalf of AARP before this Subcommittee on the topic of "Preserving Affordable Housing for Senior Citizens into the 21st Century". Toward that end, the Association is encouraged by the progress that was made last year with the enactment of

[1] The Association would like to make available to the members of the Subcommittee a survey of AARP research reports that have been completed since 1997 on issues related to seniors housing and supportive services. (A listing of these reports, and a brief description of each, is attached to my testimony as Appendix I.)

the American Homeownership and Economic Opportunity Act of 2000 – including the creation of the Seniors Housing Commission.

Powerful Demographic Forces at Work

There are powerful demographic forces at work in our nation that are revealed in the numbers, proportions and age group distributions among older Americans who will be in need of affordable and appropriate housing. Projections by the U.S. Census Bureau estimate that by the year 2020, the number of persons age 65 and older will grow to over 53 million – representing a 55 percent increase from the 34 million estimated for 1998. Changes in the age distribution of the nation's older population are also occurring. Presently, the aging of the older population is driven by large increases in the number of persons age 75 and older. More specifically, in 1998, there were an estimated 4 million persons age 85 and older. The Census Bureau projects this figure to reach approximately 6.5 million by the year 2020. This would represent an increase of 62 percent for the 85-plus age category alone.

Housing is a critical factor in determining the quality of life and sense of security of all Americans. During the 1990s, on average, Americans – including older Americans – improved the quality of their housing. But despite the prosperity of the 1990's, many older Americans continued to experience serious housing problems because of substandard conditions, lack of affordability, or inappropriateness of their homes for "aging in place". There is a deficit in affordable, available, and appropriate housing that is affecting a growing number of older Americans.

The Availability of Affordable Housing for Older Persons

AARP believes that preserving affordable housing for the elderly must mean more than maintenance, rehabilitation, modernization and subsidizing of existing housing – as critical as it is that these needs be addressed. Beyond these, what is required is an increase in the rate of production of appropriate -- specifically including supportive -- housing in the near term future. Absent this, what will likely be produced is an affordability and availability housing crisis for a growing number of under-housed, under-served older Americans – leading, potentially, to an increase in costly and premature institutionalization. The frail elderly represent the fastest growing segment among older persons in our nation, and among the most at risk of those who are vulnerable to excessive housing cost burdens.

As Chairman Roukema's letter of invitation to testify suggests, housing affordability and availability focus on two different but related aspects of the housing question. Housing *affordability* refers to the financial ability to gain access to housing, as well as the financial ability to remain a resident. Housing *availability* refers not only to vacancy rates, but also to the appropriateness of the housing. AARP research consistently documents that as Americans pass through midlife, regardless of whether they own or rent their housing, they strongly prefer to remain in their existing place of residence. The adaptability of housing to the processes of aging in place presents difficult challenges for housing facilities that have often not been designed with these life changes in mind.

Housing affordability and availability remain major problems for many older Americans, especially for those who rent. AARP's analysis of the 1999 American Housing Survey indicates that approximately 25 million households were headed by a person age 62 or older. Of these, nearly 5 million (20 percent) were renters.[2] The same survey analysis indicates that 57 percent of these older renter households paid 30 percent or more of their income on housing, compared to 39 percent of younger renter households who paid 30 percent or more of their income on housing**.** Households are composed of one or more individuals, therefore the actual numbers of older Americans affected by heavy rent burdens is substantially understated.

In summary, according to the 1999 American Housing Survey data, of the 2.85 million households headed by a person age 62 or older that pay 30 percent or more of their income on housing, 1.7 million households (approximately 60 percent) benefited from one or more of the federal rental housing programs. This means that today, those household headed by someone 62 or older and benefiting from federal housing assistance account for roughly one-third of all households receiving such aid.

The Growing Need for Elderly Housing with Supportive Services

However, many older persons – especially those who live alone – eventually will need some supportive services to remain independent in their homes. The availability of these services varies widely due to the residential distribution patterns of older Americans. Again, according to AARP's analysis of the 1999 American Housing Survey data, seventy-two percent (72%) of older

[2] See Appendix II, AARP Fact Sheet Number 85, entitled: "A Summary of Federal Rental Housing Programs".

persons live outside central cities, and are dispersed across suburbs, small towns, and rural areas. Such dispersion presents formidable challenges to the efficient delivery of services such as transportation, in-home health care, home-delivered meals and other necessary services.

It is especially relevant for the purposes of today's hearing to recognize that as the elderly population increases, the proportion who have difficulty performing one or more basic activities of daily living – such as bathing, dressing, or eating -- will also be increasing. An analysis prepared for AARP by the Lewin Group estimated that in 1994 there were over 1.7 million elderly (65 years of age and older) who had difficulty performing two or more such daily activities. The same study estimated that by the year 2020, the number of similarly aged persons with two or more of these impairments would increase to 2.8 million – a 65 percent increase from 1994.

Census data provide a more precise break-out of where these impaired individuals are likely to be concentrated. There are approximately 20,000 federally subsidized housing projects that serve more than 1.4 million older persons whose median age is approximately 75. The Census Bureau's 1995 Survey of Income and Program Participation indicates that approximately 40 percent of persons of age 62 or older, living in these *subsidized* rental housing units, had at least one Activity of Daily Living (often referred to as ADLs) limitation (such as moving around the room, transferring from a bed or chair, bathing, eating, dressing and using the toilet); or one Instrumental Activity of Daily Living (IADLs) limitation (such as using the telephone, keeping track of bills, preparing meals, taking medicine and getting outside the home), compared with 28 percent of older persons in *unsubsidized* rental properties and 19 percent of older persons in *owned* homes.

Trends Within the Section 202 Supportive Housing Program

The experience of the Section 202 supportive housing program for the elderly helps to illuminate the issues, challenges and-- most importantly – the need for supportive services, demonstrating the importance of viewing housing as an effective point of service delivery. The 202 program is the only federally-funded, new construction housing program specifically designed to address the physical frailties of elderly residents. I would like to briefly summarize several key findings from a recently released, extensive AARP-sponsored study of the Section 202 supportive housing program for the elderly.[3]

From the perspective of frail older persons, housing and services are often the keys to continued independence and dignity. Comparisons of the 1998 Section 202 survey findings with those from the 1988 survey document that:

- Section 202 units for older persons continue to be in high demand, as suggested by the low vacancy rates (1 percent for one-bedroom units) and long waiting lists (9 applicants waiting for each vacancy that occurs in a given year – up from 8 in 1988);
- Residents are older and frailer than was indicated in the earlier research (Average resident age increased from 72 years in 1983 to 73.6 years in 1988, rising to 75 years in 1999.);

[3] This study was conducted by the University of Illinois and sponsored by AARP. The study surveys the effects that demographic forces, modernization needs, and several legislative changes have had on Section 202 housing projects during the ten-year period from 1988 to 1998. The complete report was released just this year. Appendix III of my written testimony includes a more complete summary and explanation of key study findings. AARP would be happy to provide the Subcommittee with copies of the full report.

- Legislation and regulatory changes have improved the Section 202 program. For example, in 1999, more than a third of all Section 202 facilities (37.4 percent) had service coordinators on staff, a service authorized by legislative changes in 1990 and 1992;
- Facilities built during the past decade are, on average, much smaller than reported by earlier surveys for preceding years; and
- Capital reserves were generally viewed by managers as inadequate for retrofitting projects to meet the changing needs of aging residents, especially among the older projects, where the oldest residents are concentrated.

Conclusions

The essential conclusion to be drawn from this report is that adapting Section 202 housing to the changing needs of its residents can mean – for them -- the critical difference between maintaining an apartment in a supportive community surrounded by one's own belongings, or admission to more expensive nursing home care — often involving sharing a room with a stranger. Today, too many older persons with modest means face the stark choice between living in their own homes with minimal access to support services or moving to expensive and restrictive institutional settings.

AARP has made a commitment to work with the Seniors Housing Commission and the Millennial Housing Commission to conduct an extensive review of the issues, challenges and potential strategies for addressing the growing deficit in affordable and appropriate housing for the vulnerable low and moderate-income elderly population. We are particularly concerned over the mismatch of housing stock with the numerical growth and service needs of the frail elderly. In this regard, AARP is encouraged by the progress being made by the two Commissions, with a number of legislative proposals that have been or will be introduced in the House and Senate this year, and several initiatives being proposed by Secretary Martinez at the U.S. Department of Housing and Urban Development. We look forward to reviewing these proposals and initiatives in greater detail. The Association also looks forward to working with this Subcommittee to assess and help perfect these proposals as elements of an effective short-term and long-term affordable housing strategy for vulnerable older Americans.

I would be happy to answer any questions that you may have.[4]

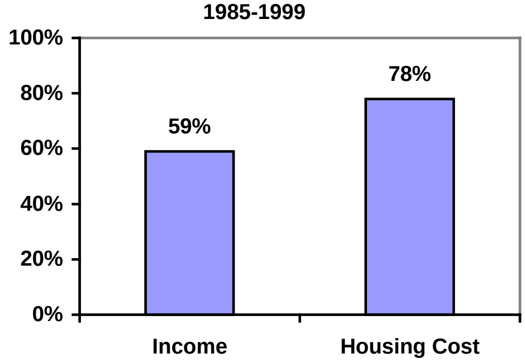
[4] In compliance with House Rule XI, clause 2(g) regarding information of public witnesses, attached is AARP's statement disclosing federal grants and contracts by source and amount received in the current and preceding two years.

A SUMMARY OF FEDERAL RENTAL HOUSING PROGRAMS

Introduction

In 1999, approximately 25 million households were headed by a person age 62 or older; of these, around 5 million (20 percent) were renters.[1] Older renters often find it difficult to find housing that they can reasonably afford. In fact, about 57 percent of older renter households pay 30 percent or more of their income on housing, compared to 39 percent of younger rental households.[2] Moreover, evidence indicates that the housing situation for older renters may be getting worse. Between 1985 and 1999, the median housing cost for renters age 65 and older grew faster than their income [Figure 1].[3] By 1999, their median annual housing cost had risen to $5,772, while their median income was $12,608.

Figure 1
Growth in Median Housing Cost and Median Income
Renter Households Age 65 and Older
1985-1999



Sources: American Housing Survey, HUD (rent); PPI analysis of March Current Population Survey, Census (Income)

The problems experienced by older renters are often complicated by age-related factors. Older persons are more likely to live on a fixed income, which may make it difficult to find affordable housing or absorb rent increases. Older persons are also more likely to be frail, which can make a home search difficult, especially for housing that has architectural features or services that support aging-in-place.

One way to help meet the housing needs of older renters is through federal housing subsidy programs. Since the first major housing legislation was passed in the 1930s, the federal government has taken an active role in providing affordable housing for persons of all ages. In 1999, about 1.7 million households headed by a person age 62 or older benefited from some kind of federal rental housing program – roughly one-third of all households receiving such benefits [Figure 2].

Direct federal funding for new affordable housing is down in recent years, and many of the programs that were used to develop the current stock of affordable housing have been inactive for decades.

Major Federal Rental Housing Programs Benefiting Older Persons

The federal government has used a variety of methods to promote affordable rental housing; often, these methods reflect the changing political philosophies over the past 60 years. For instance, in the 1930's public housing was the key federal program for rental housing. In the 1950's and 1960's, the federal government promoted subsidized mortgages for private developers to build or rehabilitate multifamily housing for low- and moderate-income families. In the 1970's and 1980's, tenant-based rental assistance became the dominant philosophy. In the 1990's low-income housing tax credits and block grants to state and local governments became extremely important tools.

Because of the long duration of most housing assistance contracts, today's subsidized rental housing is a patchwork of disparate programs. This patchwork quality sometimes creates problems in coordinating housing policy for developing needs. For instance, many properties that serve older persons are experiencing an increasing need for supportive services, but the delivery of

Figure 2
Stock of Assisted Rental Housing, 1999
Major Programs

	Total	Age 62+
HUD Programs		
Public Housing	1,120,000	358,400
Section 202	319,502	319,502
Section 221(d)(3)	109,861	21,437
Section 236	429,567	146,053
Section 8 new/rehab	744,889	343,673
Tenant Based Section 8	1,420,000	213,000
Rural Housing Service		
Section 515	453,275	190,829
Federal Incentives via State Agencies		
Low-Income Housing Tax Credit (w/out other federal subsidy)*	433,427	108,357
HOME	125,100	20,016
Total	**5,155,621**	**1,721,266**

* - In addition, approximately 290,000 low-income housing tax credit units are also subsidized through Section 8 or Section 515. Around 72,000 of those units are occupied by older persons.

Source: PPI estimates based on HUD, "Recent Research Results: New Facts About Households Assisted by HUD's Housing Programs" (October 2000); HUD Office of Budget Production Report; AARP 1999 National Survey of Section 202 Housing for the Elderly; HUD, "A Picture of Subsidized Households" (1998); Rural Housing Service, FY 1999 Multifamily Housing Occupancy Survey; HUD's Low-Income Housing Tax Credit Database; National Council of State Housing Agencies; GAO Survey of Tax Credit Units (as published in letter B-248332); Cummings and DiPasquale, "The Low-Income Housing Tax Credit: An Analysis of the First Ten Years," Housing Policy Debate, 1999; HUD, HOME Program Data, Q4 1999.

those services varies from program to program. On the other hand, the advantage to different approaches has been the involvement of a wide variety of entities, (including the federal government, state and local governments, nonprofit groups, and for-profit developers), each of which bring different resources and expertise to the field of affordable housing.

Public Housing

Public housing is federally funded, but owned and operated by local public housing authorities. The program was initially developed in the 1930's to provide temporary housing for working class families. Indeed, single older persons were not even eligible until the mid-50's. Public housing has since developed into long-term rental housing targeted to low-income households.

By the 1970's, well over a million units were in the public housing stock, but there have been no net additional units during the past 25 years. However, many units are being rehabilitated or replaced under the HOPE VI program for revitalization. Approximately one-third of the 1.1 million public housing units are occupied by an older household.

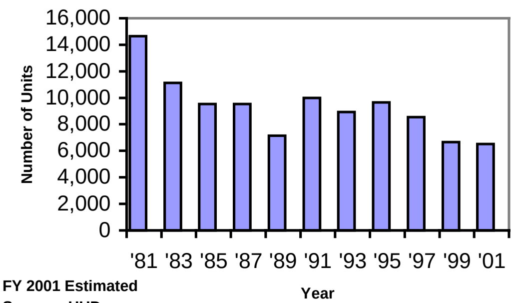
Section 8 New Construction/Rehabilitation

In recent years, Section 8 has typically been associated with tenant-based vouchers. However, when the program began in 1974, it also included subsidized mortgage financing for the construction and rehabilitation of multifamily projects by for-profit developers to serve renters with low-incomes. Primarily for budget reasons, Congress ended the Section 8 construction and rehabilitation program in 1983. Of the existing Section 8 stock of nearly 745,000 units, around 46 percent is occupied by older households.

Section 202

Section 202 Supportive Housing for the Elderly is the principal federally funded construction program for rental housing for older persons. When it was enacted under the 1959 National Housing Act, the program provided direct subsidized construction loans to private, nonprofit operators of housing for older persons and persons with disabilities. In 1990, the National Affordable Housing Act amended the program to serve only older persons, and created the new Section 811 program for persons with disabilities. In both cases, subsidized direct loans were replaced by capital grants. Around 316,000 older households reside in Section 202 housing. Production in the Section 202 program is well below peak levels of the early 1980s, and is currently about 7,000 units per year [Figure 3].

Figure 3
Production of Housing Units
Section 202 for Older Persons



FY 2001 Estimated
Source: HUD

Section 221(d)(3)

One of the programs authorized by the National Housing Act of 1959 was the Section 221(d)(3) program, which insured and subsidized low-interest rate loans to private developers, both for-profit and nonprofit, in order to promote the construction of affordable housing. The program was discontinued in the mid-1960s. Of the nearly 110,000 221(d)(3) units still existing, about a fifth are occupied by an older household.

Section 236

The Section 236 program was enacted as part of the Housing Act of 1968 as a replacement for the Section 221(d)(3) program, and it offered prepayment provisions and use restrictions similar to the Section 221(d)(3) program. However, Section 236 mortgages typically had a lower interest rate. This program was discontinued in 1973 because many of the project sponsors experienced cash flow problems, even with the subsidized loan. Nearly 430,000 units built under the Section 236 program remain, of which around a third are occupied by older households.

Section 515

Authorized in 1962, Section 515 is a direct loan program under which private for-profit and nonprofit sponsors receive a low-interest rate loan from the Rural Housing Service of the US Department of Agriculture in return for renting to persons with low and moderate incomes. Unlike the Section 221(d)(3) and Section 236 programs, Section 515 is still financing the construction and rehabilitation of affordable housing, though funding cuts in recent years have substantially reduced the production of units. Among the 453,000 Section 515 units, 42 percent are occupied by older households.

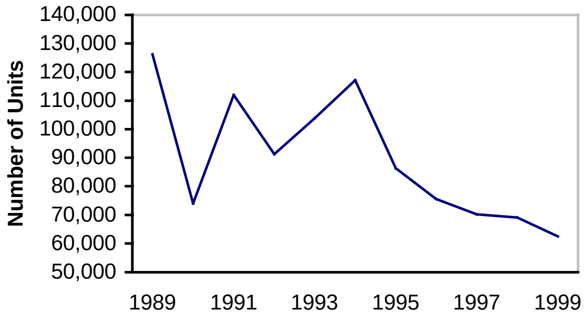
Low-Income Housing Tax Credit

The Tax Reform Act of 1986 created the Low-Income Housing Tax Credit (LIHTC). Under this program, states are allocated tax credits based on their population. State housing agencies then allocate the credits to private developers who acquire, construct or rehabilitate affordable rental housing. The tax credit is taken over a ten-year period. The amount of the credit is based on the cost of units set aside for low-income households, whether the credits are used for construction, rehabilitation, or acquisition of a property, and whether an additional federal subsidy is involved. Although units for residents with mixed incomes are permitted, in practice most projects consist entirely of units for low-income residents. About 25 percent of the 700,000 affordable units built under this program are occupied by older households.

Until recently, the per-capita tax credit allocation for each state was unchanged from year to year. Consequently, inflation eroded the number of units generated by the program. Congress addressed this problem in 2000 by raising the tax credit cap from

$1.25 per capita to $1.75 per capita by 2002, with adjustment for inflation thereafter. This move may help production recover from its gradual decline [Figure 4].

Figure 4
Low-Income Housing Tax Credits
Units Allocated 1989-1999



Source: National Council of State Housing Agencies.

HOME

The HOME Investment Partnership Program was created by the Cranston-Gonzalez National Affordable Housing Act of 1990. The HOME program is a block grant program from the federal government to support state and local affordable housing programs. Generally, local jurisdictions are required to match at least 25 percent of the federal grant. A variety of activities are eligible under the program, including tenant-based rental assistance, home ownership assistance, and the development of affordable rental housing. For rental housing, HOME funds may be used for acquisition, rehabilitation, and new construction of units for low-income households. Older households occupy about 16 percent of the 125,000 rental units completed.

Tenant-Based Section 8 Rental Assistance

In addition to the project-based programs above, the Department of Housing and Urban Development (HUD) provides rental assistance to low-income households that can be used to acquire market-rate rental housing. For those landlords who are willing to accept tenant-based vouchers or certificates, HUD pays the difference between 30 percent of the resident's income and a published standard based on area market rents for comparable units.

The difference between a certificate and a voucher is the rent level of a qualified unit. Certificates, common in early years of the Section 8 program, require the unit's rent to be at or below the published standard for that type of unit. With vouchers, the rent may be any level, but the resident is responsible for any additional rent above the published standard. Thus, with a voucher, it is possible for a resident to pay more than 30 percent of income in rent. The advantage to a voucher, however, is that the household has a larger selection of apartments. Older households hold about 15 percent of the 1.4 million certificates and vouchers.

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[1] PPI analysis of HUD's 1999 American Housing Survey.
[2] Ibid.
[3] Housing costs include rent, utilities and renters insurance (if any).

Written Andrew Kochera, Public Policy Institute, May 2001.

AARP Research Relating to Seniors Housing and Supportive Services

Doc #	Year	Title	Description	Author/Project Leader
D17145	2000	Assisted Living: Summary of State Statutes	State by state summary of assisted living regulations and licensing requirements.	Sharon Hermanson
FS10R	2001	Nursing Homes	This 2-page fact sheet provides an overview of nursing homes in the US, including information regarding resident characteristics, utilization, capacity, cost and regulation of nursing homes.	Sheel Pandya
2001-02	2001	The 1999 National Survey of Section 202 Elderly Housing	The purpose of this study was to document changes in project characteristics, resident characteristics, consumer demand, services offered, management styles, and capital needs.	Leonard F. Heumann, Ph.D.,Karen Winter-Nelson , and James R. Anderson, Ph.D
IB47	2001	Section 8 Project-Based Rental Assistance: The Potential Loss of Affordable Federally Subsidized Housing Stock	This Issue Brief reviews the history of the project based Section 8 program, the incentives property owners face to leave the program, existing policy to help retain property owners and protect residents, as well as policy options that may minimize the loss of assisted housing in the project-based Section 8 program.	Andrew Kochera, Donald Redfoot, and Jeremy Citro
FS16R	2001	Issues in Manufactured Housing	This fact sheet describes the scale of the manufactured housing industry, characteristics of manufactured homes, demographics of the residents, and includes a review of construction issues and unfair practices in manufactured home parks.	Andrew Kochera

FS85	2001	A Summary of Federal Rental Housing Programs	This fact sheet highlights the critical need for affordable rental housing, describes the history of various federal housing programs and how they operate, and summarizes the number of older residents who benefit from the various programs.	Andrew Kochera
2001-04	2001	Personal Care Services: A Comparison of Four States	This issue paper describes the various ways in which four states use Medicaid and state funds to provide personal care services to older people with disabilities.	Robert L. Mollica
FS65R	2001	"Section 202 Supportive Housing for the Elderly"	This fact sheet highlights the growing need for affordable supportive housing, describes the features of Section 202 housing that help older persons remain independent, presents key findings on the characteristics of the residents, and discusses recent budget and production issues.	Andrew Kochera
2000-02	2000	Changes in Home Care Use by Older People with Disabilities: 1982-1994	Documents trends in disability status of community residents 65+, sources of help, hours of help, sources of payment for long-term care help, etc.	Korbin Liu
IB43	2000	Assuring the Quality of Home Care: The Challenge of Involving the Consumer	This 18-page issue brief by Barbara J. Coleman of PPI concludes with suggestions for state actions to educate and involve the consumer in quality-of-care issues.	Barbara Coleman

2000-07	2000	Helping the Helpers: State-Supported Services for Family Caregivers	This 24-page issue paper by Barbara Coleman of the Public Policy Institute reviews the findings of two 1999 surveys of state caregiver support programs that identify state strategies for reaching caregiver families and for designing programs to meet their needs.	Barbara Coleman
2000-18	2000	The Effect of State TANF Choices on Grandparent-Headed Households	This 46-page in brief by Faith Mullen and Monique Einhorn of the Public Policy Institute evaluates the effect of welfare reform on grandparent-headed households, in the 50 states.	Faith Mullen and Monique Einhorn
FS82	2000	Caregiving and Long-Term Care	This 2-page fact sheet by Sheel M. Pandya and Barbara Coleman of PPI provides information about the prevalence of informal caregiving in the United States and its role in long-term care.	Sheel Pandya and Barbara Coleman
D17317	2000	Across the States 2000: Profiles of Long-Term care Systems	Brief numerical state summaries of demographics, home and community based services beneficiaries, service providers, nursing facilities, and expenditures for long term care	Heather Nawrocki and Steven Gregory
2000-06	2000	Medicaid Financial Eligibility for Older People: State Variations and Access to Home and Community-Based Waiver in Nursing Home Services.	This 27-page paper by Enid Kassner of PPI and Lee Shirley of the National Academy on an Aging Society examines the financial eligibility criteria used by states for older persons with disabilities who seek Medicaid services.	Enid Kassner
2000-10	2000	Patterns of Dissaving in Retirement	This 83-page PPI paper by Steven Haider, Michael Hurd, Elaine Reardon, and Stephanie Williamson of RAND examines dissaving or asset decumulation in retirement in retirement using the Social Security Administration's New Beneficiary Data Survey (NBDS) and the Asset and Health Dynamics Among the Oldest Old (AHEAD), sponsored by the Administration on Aging.	Sara Rix

2000-21	2000	Olmstead v L.C.: Implications for Older Persons with Mental and Physical Disabilities	This 25-page PPI Issue Paper by Sara Rosenbaum analyzes the Olmstead decision and considers its implications for persons with physical and mental disabilities, with a particular focus on older persons.	Kelly Griffin
IB 42	2000	The Declining Personal Savings Rate: Is there Cause for Alarm?	This 21-page issue brief by Satyendra Verma and Jules Lichtenstein of PPI discusses the two different definitions of the personal saving rate commonly used by analysts, one based on the Bureau of Economic Analysis' (BEA) National Income and Product Account (NIPA), and the other based on the Federal Reserve's Flow of Funds Account (FOFA).	Saty Verma
DD 44	2000	Wealth Distribution in 1998: Findings from the Survey of Consumer Finance	This 4-page Data Digest by John Gist of PPI summarizes the most recent SCF findings on household wealth and places them in the context of trends since 1989, just prior to the last recession.	John Gist
D17168	2000	Fixing to Stay	A national survey of housing and home modification issues. Discusses resident's future living plans, issues related to physical mobility problems, concerns and barriers to home modifications, etc	Leon Harper
9904	1999	How do They Manage? A Case Study of Elderly Persons Functionally Eligible for Medicaid Waiver Services But Not Receiving Them	This 24 page Issue Paper by Janet O'Keeffe of the Public Policy Institute, et al., provides an in-depth look at a sample of elderly persons who are functionally eligible for Medicaid home and community based waiver services but are not receiving them.	Janet O’Keeffe, Sharon Long, and Korbin Liu
DD38	1999	Trends in Medicaid Long-Term Care spending	This 6 page data digest discusses shift in Medicaid spending patterns, state home care Medicaid expenditures, waiver programs, personal care services.	Barbara Coleman

D16905	1999	"Liveable Communities: An Evaluation Guide"	This 118-page PPI book by Patricia Baron Pollak of Cornell University provides residents, organizations, and local governments with a tool to assess a community's "liveability."	Patricia Baron Pollak, Ph.D., Robert Jenkens, George Gaberlavage
FS62R	2001	"Assisted Living in the United States"	This 5-page Fact Sheet by Jeremy Citro and Sharon Hermanson provides an up-to-date overview of the assisted living regulatory environment, resident characteristics, and industry trends. Public Policy Institute Consumer Team research on private accommodations and the financing of affordable assisted living is also highlighted.	Bernadette Wright
9906	1999	Do Baby Boomers Save and, if so, What For?	This 30-page Issue Paper by John Gist, Ke Bin Wu, and Charles Ford of PPI assesses baby boomers' progress in their preparation for retirement by examining what survey data reveal about how much boomers have saved, and their attitudes toward saving.	John Gist
D16691	1999	Universal Design and Home Modification	Products and design features that help to promote independent living.	Leon Harper
9809	1998	New Directions for State LTC Systems 2nd Edition	This thirty-page issue paper describes the strategies used by states to increase and improve the delivery and financing of publicly funded long-term care services, particularly home and community-based care services.	Barbara Coleman
D16905	1998	"Assisted Living Quality Initiative: Building a Structure that Promotes Quality"	Industry and Consumer coalition report to provide framework for minimum assisted living quality standards.	Assisted Living Quality Coalition

9806	1998	In Brief: How Americans Save	Highlights the sociodemographic characteristics of retirement savers and the retirement saving of baby boomers and summarizes Korczyk's findings from the Health and Retirement Study regarding personal experiences and saving, as well as the attitudes of high savers.	Charles Ford
D14986	1998	Staying At Home	A consumer guide that discusses specific services ranging from help around the house to assisted living. Each service is defined and discussed, including considerations about cost and quality.	
9704	1997	Taking Care of Their Own: State Funded….	Discussion of state funded (nonMedicaid) Home and Community Based Care	Enid Kassner
9701	1997	New Directions for State LTC Systems Vol. III: Supportive Housing	This report reviews and clarifies the definitions for th evarious types of supportive housing and distinguishes range of services they offer. Highlights some basic issues.	Katherine Blanchette
9702	1997	New Directions for State LTC Systems: Vol. IV: Limiting Spending on Nursing Home Care	Reviews steps states have taken to target nursing home spending for Medicaid savings.	Barbara Coleman

IN BRIEF

THE 1999 NATIONAL SURVEY OF SECTION 202 ELDERLY HOUSING

Although the program's mission and financing have been modified several times by different Congresses and Administrations, the Section 202 Elderly Housing program remains the primary federal program focused on constructing subsidized housing for older adults. Over 3,500 Section 202 facilities housed more than 300,000 older persons in 1999.

The 1999 National Survey of Section 202 Elderly Housing[1] is the third national survey of elderly housing sponsors and facility managers (previous surveys were done in 1983 and 1988). The purpose of this study was to document changes in project characteristics, resident characteristics, consumer demand, services offered, management styles, and capital needs. In particular, the survey asked about financing changes and staffing changes authorized by the housing acts of 1990 and 1992 to document the effects of those pieces of legislation. A total of 509 managers (response rate 47 percent) and 480 sponsors (response rate 44 percent) participated in the survey to learn the impact of legislative and regulatory changes over time. The analyses compared project, resident, staffing, services, and financial characteristics as they have changed through five phases of the Section 202 program:

- Moderate-Income Phase (1959-74) – Projects built in this phase have higher income eligibility requirements and generally no rental assistance.

- Low-Income Phase (1974-84) – Projects built in this phase have Section 8 rental assistance and serve renters with less than 80 percent of median income.

- Cost-Containment, or Very Low-Income, Phase (1985-88) – Projects built in this phase must serve renters with less than 50 percent of median income, and many were built under rigid cost-containment rules.

- Transition Phase (1989-94) – Projects in this phase have the same income requirements as the very low-income phase, but HUD waived many cost-containment measures. Some overlap exists between projects placed in this phase and those in the subsequent "PRAC Phase" because of the lag time in implementing financing changes between the two phases.

- PRAC Phase (1993-present) – The current phase uses "project rental assistance contracts" (PRAC) instead of Section 8 for rental assistance, though the income eligibility is the same as in the cost-containment and transition phases.

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[1] AARP Public Policy Institute report #2001-02, by Leonard F. Heumann, Ph.D., Karen Winter-Nelson, and James R. Anderson, Ph.D.

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Summary of Key Findings

Five key points emerge from the wealth of data in this report.

- First, Section 202 units for older persons continue to be in high demand, as shown by low vacancy rates (1 percent for one bedroom units) and long waiting lists (nine applicants waiting for each vacancy that occurs in a given year, up from eight in 1988).

- Second, legislative and regulatory changes have improved the Section 202 program. For example, in 1999, more than a third of all Section 202 facilities (37.4 percent) had service coordinators on staff, a service authorized by legislative changes in 1990 and 1992.

- Third, residents are older and frailer than in previous years. Average resident age increased from 72 years in 1983 to 73.6 years in 1988 and 75 years in 1999. In the oldest projects, the average age was 78.2 years in 1999, and 39 percent of residents were over the age of 80.

- Fourth, facilities built during the past decade are, on average, much smaller than those built in previous years. This change may limit managers' ability to adapt to the changing needs of aging residents.

- Five, capital reserves were generally viewed as inadequate for retrofitting projects to meet the changing needs of aging residents, especially among older projects, where the oldest residents are concentrated.

Policy Implications

The following policy implications may be drawn from the data in this report:

- Production levels are not adequate to meet demand. The program is not able to meet the needs of many others who must wait years to get housing assistance. The trend toward lower funding levels limits Section 202 from serving most of the needy clients waiting for housing.

- Targeting funding to smaller rural projects is not addressing the greatest need, as evidenced by longer waiting lists and fewer vacancies in larger cities.

- The trend toward funding smaller projects creates difficulties achieving the economies of scale needed to provide community spaces, staffing, and services to support an increasingly very old and frail resident population.

- Projects built during the earliest period and the cost-containment years of the mid-1980s will have the heaviest need for capital to retrofit and modernize their projects. Unfortunately, these projects also report the least ability to meet capital needs from project reserves.